

MINUTES
(Subject to Approval of the Task Force)

**TASK FORCE TO IDENTIFY ALTERNATIVE FUNDING SOURCES FOR THE
IDAHO STATE POLICE AND THE IDAHO DEPARTMENT OF
PARKS AND RECREATION**

June 30, 2009
Boise, Idaho

Members in attendance were: Co-chair Senator Dean Cameron, Senator Patti Anne Lodge, Senator Diane Bilyeu, Representative Rich Wills, Representative Raul Labrador and Representative Shirley Ringo. Senator Jim Hammond was absent and excused, and Co-chair Representative Maxine Bell was absent and excused, but participated in part of the meeting via conference call. Staff present were Ray Houston, Richard Burns, and Charmi Arregui.

Others in attendance were: Benjamin Davenport, Risch Pisca; Martin Bilbao, Connolly & Smyser; Karen Crosby & Sandra Mitchell, Idaho Recreation Council; Jeff F. Cook, Idaho Falls Trail Machine Assn.; Adena Cook, Blue Ribbon Coalition; Tom Crimmins, Idaho Recreation Council; Jayson Ronk, Idaho Association of Commerce & Industry; Beth Markley, Idaho Council on Industry & Environment; Alex LaBeau, IACI; Dennis Tanikuni, Idaho Farm Bureau; Marsi Woody & Kevin Johnson, Idaho State Police; Mark Dunham, Idaho Associated General Contractors (AGC); Colby Cameron, Sullivan & Reberger; John Jackson, Jacksons Food Stores; Wendy Coome & Ken Nungesser, Treasure Valley Back Country Horsemen; James M. Alcorn, State Insurance Fund; Dave Ricks, Steve Frost, Dave Claycomb, Dean Sangrey & Tamara Humiston, Idaho Department of Parks & Recreation (IDPR); Mark Grannis, Member, Board of Trustees PSTF; Dennis Campo, Campo Oil Co.; Bert Marley, Idaho Education Association; Suzanne Budge, Idaho Petroleum Marketers & C-Store Association; Michael Hillman, Overland West, Inc.; Jane Wittmeyer; Randy Nelson, Associated Taxpayers of Idaho; Betsy Russell, The Spokesman Review; Chuck Wells; Dustin Kuck, Office of the Governor; and Paul Headlee, Legislative Services.

A binder was given out to all task force members. All references to documents, handouts and presentations are available in the Legislative Services Office. All presentations are available online at: <http://legislature.idaho.gov/budget/HCR32/index.htm>

The meeting was called to order at 10:00 a.m. by **Co-chair Senator Dean Cameron** who stated that the important and difficult responsibility of this task force was created by HCR32 which reads: “. . . a task force could identify alternative dedicated funding sources for the Idaho State Police and for the Idaho Department of Parks and Recreation to fund transportation . . .”

Senator Cameron emphasized dedicated and ongoing, and not one-time funding. He referred to HB376, page 5, lines 6-8: “. . . the legislature acknowledges that providing an ongoing and dedicated source of funds for the agency is necessary to safeguard the Idaho state police from the

impacts of future economic downturns.” He pointed out the Idaho Constitution, Article VII, that deals with taxes and revenue. He added that in order to resolve the charge of HCR32, in his opinion, would **not** include shifting funding to the general fund or to “unwind the clock,” as some have suggested, to somehow redo what was done, which he said was not the job or focus of this task force, and that, to him, shifting funding to the general fund would mean that this task force had failed. He said he was here to find a solution, not to redefine the focus or scope of practice of IDPR and ISP, and that the new funding source should start July 1, 2010 to make sure of an orderly transition. **Senator Cameron** announced that soliciting and listening to public testimony would be an integral part of this task force.

Representative Raul Labrador objected to **Senator Cameron’s** opening remarks that the task force can’t simply shift funding to the general fund when the agencies lose gas tax funding in a year. “I am really troubled about this. It sounds like you’ve already decided what we’re going to do, so I’m not sure what we’re doing here.” **Senator Cameron** said, “I apologize that you’re troubled,” but said that, to him, “dedicated” sources of funding, from a budgetary perspective, meant other than general funds. **Senator Cameron** said he believed that both the resolution and the law that passed, both of which **Representative Labrador** voted for, indicated that the task force was charged with finding dedicated alternative sources of funding, acknowledging that if the task force was unsuccessful, that would put pressure on the general fund. **Senator Cameron** saw the purpose of this first meeting as a way to lay the foundation on which to build.

Mr. Paul Headlee, Senior Budget & Policy Analyst, Legislative Services Office, addressed the task force on “Distribution of Highway User Revenue and the Highway Distribution Account.” He discussed:

- Highway User Revenue Distribution
- Highway User Revenue Distribution after H338 and H376 (2009 Legislative Session)
- History of Highway User Revenue to Idaho State Police & IDPR (24 years)

Mr. Headlee pointed out that for FY2011, based on H376 amendments, Parks and Recreation is removed from 25 cent per gallon Gas/Fuel tax and retains share of 1 cent/gallon petroleum transfer fee that generates approximately \$240,000 annually, down from \$4.4 million, and that ISP drops to zero dollars.

Representative Ringo referred to a slide on distribution of user revenue prior to June 1, 2009, where IDPR got 3% of remaining gas/fuel tax revenue, asking for clarification. **Mr. Headlee** explained that 3% of *remaining* revenue after the other 3 items were removed was correct. **Mr. Headlee** added that ISP received 5% of all fuel tax and registration revenue and that IDPR was receiving only 3% of the gas tax.

Representative Wills confirmed that revenues for ISP & IDPR have gone down in the last two years, citing \$16.4 million for ISP and \$4.83 million for IDPR. **Mr. Headlee** said the primary reason was due to less dollars being generated from gas tax. **Representative Wills** recognized the reason why, but asked if this task force would be dealing with what was being lost or what

was currently there today. **Senator Cameron** responded that he did not have the answer to that question, but that as solutions are weighed, then impacts can be measured. He reiterated that the language in the resolution calls for replacing funds that were there, so that is the first priority of this task force. He added that any replacement funds found would not necessarily or automatically have growth, that being a difficult question.

Senator Bilyeu asked if the data presented was based on ITD's forecasts and **Mr. Headlee** confirmed that it was. **Senator Bilyeu** asked if these ITD forecasts had been double checked or if their forecasts were being relied upon. **Mr. Headlee** said that ITD was doing a good job and that 2009 is tracking within 1%, ITD is monitored, but Budget & Policy relies on ITD's forecasts.

Senator Cameron said that an item of discussion last year during this debate is use of the Idaho Petroleum Clean Water Storage Trust Fund, which was the next agenda item, and he introduced the next speaker.

Mr. Jim Alcorn, Director, State Insurance Fund, said that the State Insurance Fund is the administrator of the Trust Fund, first giving background history. He said that in the 1980' a problem was the availability of liability insurance and the cost; the Legislature created this Fund to putting in liability insurance contracts that could be purchased by owners for above and below-ground storage tanks, since individuals may not be able to afford pollution coverage. This Fund was set up to be funded by a 1% transfer fee imposed on local gas station owners. Later, a Supreme Court case ruled that the 1% could not go strictly to this Fund due to wording in the Constitution, and the result was that the 1% was divided up, 77% to highway transportation, 3% to IDPR and the remaining 20% to the Trust Fund. **Mr. Alcorn** referred to a letter presented to the task force from the Chairman of the Board of Trustees of the Trust Fund on this issue. The Trust Fund is a liability insurance company set up under the Trust Fund to issue policies of insurance funded by the transfer fee coming in, adding that presently there are 871 policies that cover over 4,000 tanks and about 1,450 sites. He said the Fund operates as an insurance fund, regulated by the Department of Insurance. He said the Fund is currently financially sound with reserves set up by an actuary and is reviewed semi-annually. He said there is an application fee of \$25 per tank for the underground and above-ground storage tanks, this being the only funding source, adding that \$25 is not an adequate premium to cover this type of liability that runs from \$100,000 to \$2 million on larger tanks. If one took it by tank, not taking into consideration underwriting, the fee would be \$1,200 for underground tanks and above-ground tank fees would be about half that.

Senator Lodge inquired on behalf of a constituent, their comment being that they were concerned that the Fund had been declining over the last few years. **Mr. Alcorn** said that any time an insurance issue is looked at, studies can be done by an actuary, but future expenses can not be foreseen. He said that claims history shows that this Fund is "burning itself," adding that the Fund currently has an unencumbered surplus of \$22 million, but the year 2018 will have a surplus of approximately \$12 million. The interest earned varies also, based on the unencumbered surplus. He emphasized that as gas usage goes down, that affects the one cent per

gallon on all petroleum products delivered or stored within Idaho.

Senator Cameron asked **Mr. Alcorn** to provide the task force with claims history, stating that about \$68 million had been collected in premiums asking **Mr. Alcorn** to find out how much had been paid out, in writing, for a future meeting. He commented on **Senator Lodge's** question, saying that at some point the industry is going to have to decide how to handle their own insurance program to keep it viable since the very low premium is being subsidized by taxpayers for this very low cost insurance coverage by virtue of the way the program was set up. He asked if an actuary has estimated at what point the industry must engage in this fund. **Mr. Alcorn** stated that individuals may not be able to afford more expensive coverage; he said that currently claims are down, pointing out that when tanks were updated, they may also present possible claims at similar times.

Senator Cameron asked how employee responsibility was divided up. **Mr. Alcorn** explained that an administrative plan is filed with the Department of Insurance and that all aspects of the state insurance fund are considered, as well as number of people involved, to come up with a percentage. **Mr. Alcorn** answered that the Storage Tank Fund pays the State Insurance Fund approximately \$300,000 annually for administrative support. **Senator Cameron** reiterated that they are generating about \$1.9 million with a budget of about \$1.6 million; the transfer fee generates \$99,000 (not included in the \$1.9 million) so between the transfer fee and the one percent spill off, about \$2 million is being generated and expenditures for administration is about \$1.6 million. **Mr. Alcorn** affirmed that to be correct. The transfer fee from the industry generates about \$1.9 million (one cent) and the policy application fee (\$25) generates about \$99,000. **Senator Cameron** expressed concern about where the Fund is going, even though not a charge of this task force.

Ms. Suzanne Budge, representing the Idaho Petroleum Marketers, said she was willing to present a broader presentation in the future, but briefly stated that when regulations were passed by EPA in late 80's and early 90's, almost every state reacted in a similar way and set up programs to protect clean water, the issue being public health. Most states set up cleanup funds, handing off to environmental agencies and mostly all funded by a percentage of the fuel tax. Idaho set up what has become a model with excellent cleanups and have a very efficient claims history and, compared to other states, very few leaking tanks. She said cleanups cost about \$150,000, Idaho's fund extraordinarily better managed than most states, in the long run, having done much more with less. Idaho had about 12,000 underground tanks when this program started and regulations reduced the count to about 3,000 underground. Of the 3,000 underground tanks covered today, 94% of them are owner operators with three tanks or less, mostly in rural areas. **Senator Cameron** said that the one cent transfer fee kicked on or off based on the value of the fund, asking when that changed and why did it change. **Ms. Budge** answered that the original legislation did set a trigger point, tied to unencumbered surplus, and that trigger point was reduced the year the fund borrowed \$10 million to pay off the trucker's suit. What further complicated this was that the funding revenues went from one cent per gallon (which adequately funded the program) when the courts ruled that the one cent could not be used that way, then the

funding source went from one cent per gallon to 20% of one cent per gallon. **Ms. Budge** said the triggers were raised again two years ago, in part, because enough money was not being generated.

Mr. Dennis Campo, Campo Oil Co. Inc, Fruitland, Idaho, said not to forget underground storage tanks that all school districts have as well as cities, counties, hospitals, ITD, that are covered and he sees if this fund is disbanded, small stores won't survive. He said that in Oregon, policies are running from \$4,400 to \$5,000 for insurance, if you can get them. He said he used to pay \$1,000 per year per tank and two years later he was paying \$4,000 per tank due to claims and losses with Federated. This is why this program was designed. In some states, tank owners still have to buy private insurance; he said in Washington they kick in five-tenths percent (.5%) of any dollar amount regardless of where they take the fuel. He said there are more than oil industry people involved in this policy that is being funded.

Senator Lodge asked if school districts in cities and counties also pay that fee and it was affirmed that they do pay the policy fee.

Mr. Mark Grannis, Grannis Petroleum Products, Coeur d'Alene, Idaho, stated that regarding private liability insurance, the few companies that do offer premiums charge high fees, adding that single operators may go under if fees were raised more.

Mr. Richard Burns, Budget & Policy Analyst, Legislative Services Office, gave an overview of the Idaho State Police Funding, focusing on the Law Enforcement Fund and the Law Enforcement Project Choice Fund. He referred to **Senator Bilyeu's** earlier question on how ITD is relied upon for revenue estimates, indicating that ISP gets revenue forecasts from ITD and builds budgets based on that data. When the Legislature convenes, budgets are set and adjusted according to updated revenue estimates from ITD. He presented information on FY 2009 and 2010 budgets, taking a look at how a portion of the Highway Distribution Fund is deposited into this Law Enforcement Fund. In addition, he said that HB 602 took effect January 1, 2007, which required that the Project Choice Fund, a career ladder for ISP, designated a \$3 increase on vehicle registration fees for trucks, cars and motorcycles, and is also used for retention of employees. **Mr. Burns** informed the committee of revenues, expenditures and balances for FY 2009 and revenues and budgets for FY 2010 and FY 2011. **Mr. Burns** said that **Representative Wills** hit the issue head on about what decisions must be made with regard to ISP's budget, stating that he believes there to be three key areas that need to be considered:

- At what level will funding for ISP be replaced;
- Replaced with what; and
- Should new revenue stream be static or accommodate future growth.

Representative Ringo expressed curiosity about the history of the 3% going to IDPR, asking if there was some logical reason that was a conclusion in terms of how much of the fuel tax they deserved or was it based on need. **Mr. Houston** referred to a chart under tab 9, page 9 in the binders entitled "Historical Highlights of Gas Tax Use for Recreational Purposes."

Senator Cameron invited audience attendees to offer testimony, and **Mr. Tom Crimmins** spoke first as an off-highway enthusiast, representing the Idaho Recreation Council. He acknowledged the challenges ahead for this task force and said he looked forward to working with the task force regularly. He stated he was also disturbed by the opening comments indicating that parameters were set; he said that beginning in 1963 the recreational community agreed up front to get a refund of the gas tax and that giving out small refunds cost more money than it was worth. They agreed then to take the gas tax refund away and have it support recreational facilities. Now, he said, it appears to him that the Legislature has chosen to renege on getting this reversed or to get refunds reinstated. He believes that supporting recreational facilities with recreational money is the way to go. He said he heard that refunds were allowed for fuel burned for vehicles not required to be registered; however, the brochure shows that refunds are given for commercial boats but not recreational boats, even though perhaps not a difference in registration. He understands reluctance in raising fuel taxes in the current economic situation, but finding alternative sources of funding to him still appears to be a tax on somebody, just a smaller target, believing there to be options. If the state chooses to divert the sales tax currently on boats, motorcycles, ATVs, UTVs, off-highway vehicles, parts and accessories into funding IDPR, perhaps the task force could also look at recreation equipment and other items to consider if totally constrained and not willing to “unwind the clock.” He would love to help find a reasonable alternative to funding highways, but does not believe it should be the recreational fuel tax.

Senator Cameron clarified that it was not his idea to make the transfer the way it has been done and had fought against previous suggestions of such a transfer; the way he reads the requirements of this task force is not to find sources of funding for ITD or for highways since another task force is working on that, but the job of this task force is to fill the gap created by the action of the Legislature last year. He said others were free to pursue “trying to unwind the clock” but said that, unfortunately, this was not this task force’s charge, and it would be a waste of time if it took that direction, because he does not believe that clock is going to be unwound. **Senator Cameron** invited others to work with this hand-picked task force, with the goal of finding a solution, encouraging everyone to work together, recognizing the importance of being successful.

Senator Bilyeu asked **Mr. Crimmins** to restate those areas on the sales tax that he was suggesting those fees could go to fill this hole. **Mr. Crimmins** said he would start by looking at sales tax on boats, motor bikes, ATVs, UTVs and other off-highway vehicles, as well as parts and accessories.

Representative Wills asked **Mr. Crimmins** if he recognized that the conundrum is that if recreational boats were targeted, then they would be dipping into money going into the general fund, which is the point the task force is trying to avert because there is already a shortfall in those moneys, thanking him for his ideas in which there is validity. He emphasized trying to find alternative sources of funding that would not affect the general fund, which is the main reason for this task force.

Mr. Crimmins said that this problem was not a problem until the close of the legislative session, but it was his understanding that the direction would be to find alternative funding sources and, failing that, take money from the general fund, understanding that is not a desirable situation. If the Legislature chooses to not increase taxes, then appoint a task force to increase taxes on a smaller population, it seems to be somewhat disingenuous.

Ms. Sandra Mitchell, Public Lands Director for the Idaho State Snowmobile Association and also with the Idaho Recreation Council and Blue Ribbon Board of Directors, has been involved in Idaho recreation for 17 years. During that time, she spent most of her time working with federal agencies to protect access so that public lands can actually be used. Seventy-six percent of lands in Idaho are managed by the federal government and 80% of people in Idaho use those public lands and are important part to quality of life as well as critical to the economic stability of rural Idaho. She watched the complete deterioration of the extraction industries for 12 years, taking away timber and mining, leaving recreation, and one selling point to federal agencies today is that they pay their own way and don't ask the federal government to fund their recreation. Recreation is funded through fees, gas taxes, both federal and state, and because of that there is a real selling point to continue using public lands. If they could no longer supply the infrastructure for recreation, it will be completely eliminated, regardless of travel, forest plans or the next court ruling. **Ms. Mitchell** said that Idaho is so far ahead with the gas tax program; in fact the program in Idaho was used as a model for the Recreation Trails Fund and believes it to be a fair and equitable use of gas tax since it's fuel burned off-road and that money is sent back off-road to maintain those trails which fuels the rural economy, adding to quality of life. She appreciates the dilemma of this task force, but believes truly that pennies have been saved and dollars have been thrown away; those gas tax moneys from Idaho are used for match to get federal money, so it's not just \$2.4 million being lost, she believes millions beyond that are being lost. If there is a better answer, she said they would support that, but the reason the gas tax has existed for many years is because it's a great solution and solved the problem in a fair and equitable way to fund recreation in Idaho.

Ms. Adeana Cook, Blue Ribbon Coalition and Idaho Recreational Council, said that it seemed to her that the charge of this task force is to come up with well researched alternatives and not necessarily a definitive answer. She thought some ideas less desirable than others, pointing out **Senator Cameron's** unwillingness to "unring the bell" but in not doing so, she believes that a full-fledged alternative should be given as to why that is not an option or, similarly, there are pros and cons and that "unringing the bell" should be in the task force's report as well as the sales tax alternative which she thinks has been very cleverly pinpointed as a means to get to the general fund, or burdening a part of the population with excess fees. She suggested carefully examining all potential alternatives, then the best answer may come forth, and the Legislature needs to do so this year, in her opinion.

Ms. Wendy Coome, representing equine users of the back country, said that the Back Country Horsemen brought a proposal to the Legislature a number of years ago for a horse trailer tax stamp, and said they were shot down. She said they were offering to tax themselves and the

Farm Bureau and some of the Cattlemen's Associations, even though to be given exemptions, came out against it. They were offering a source of funding and it never made it out of committee; she suggested looking at that again, pointing out that a portion of that money would go back into off-road equine usage, not all of it. She said she was the first person giving testimony today as an idea for a source of funding.

Senator Lodge asked if that would affect every horse trailer in the state, and **Ms. Coome** affirmed that, adding that it would be with an agricultural exemption, in order to hopefully get it passed. **Senator Lodge** asked if all horse groups were involved in that potential legislation and **Ms. Coome** said they had tried to get all the horse groups involved in that, and they did have a majority, but were bucking the Farm Bureau and the Cattlemen's Association, even with the exemption in the initial draft. The Idaho Horse Council was most definitely behind that draft. **Representative Wills** asked what year that was and **Ms. Coome** said she would find out and bring the proposal back to this task force.

Ms. Karen Crosby, Idaho Recreation Council, Gem State ATV Association of Idaho and former Recreational Trails Advisory Committee, testified next and said that the loss of federal dollar match affects non-motorized and across the state grants have been given to many areas. She pointed out that without that federal dollar match, groups could not afford to put up signs, purchase equipment or maintain trails, boat ramps, etc. for communities, all that affect local economics.

Representative Ringo asked what schemes might have been used for other states to get more support for non-motorized trails, having a sense that Idaho may do less. **Ms. Crosby** replied that she did not have an answer to that question.

After the lunch break, the first speaker was **Lt. Colonel Kevin Johnson**, Deputy Director, Idaho State Police, who spoke about how the Highway Distribution Funds are currently being used. He said that on May 12, 2009, Governor Otter signed into law House Bill 376, to revise distributions from the highway distribution account, to revise distributions of tax revenues from the tax on gasoline, and to revise provisions relating to the Idaho law enforcement fund. He said that while both IDPR and ISP were affected by the bill, recommendations presented here addressed only ISP needs.

Lt. Colonel Johnson stated that the practical effect to ISP of HB 376 was twofold: ISP no longer will receive up to \$20 million of dedicated funds from the law enforcement account, and the Legislature pledged to provide a "dedicated source of funds . . . to safeguard ISP from the impacts of future economic downturns." He said that funding to ISP from the law enforcement account varies due to the revenue stream and has declined in recent years, but ISP required a minimum of \$18 million from that dedicated source to support a large portion of its enforcement operations. In FY 2009, ISP was appropriated \$18.1 million from the law enforcement account.

To assist the task force in its deliberations, ISP offered a number of alternative funding proposals

for consideration:

- Increase vehicle registration fees - a \$5.00 increase would generate more than \$8 million;
- Increase drivers license fees by \$5.00 to generate approximately \$1.7 million;
- Consider a surcharge or dedicated sales tax on transportation-associated items such as tires and vehicle batteries to generate additional funds of up to \$13 million;
- Attach a one-half of 1% fee on all new car sales to generate just under \$10 million;
- Increase new, transfer, and out-of-state title fee by \$5.00 to generate \$2.7 million;
- Access the general fund reserve for a “not-to-exceed” amount when dedicated fund sources fall short of \$18 million.

Lt. Colonel Johnson thanked the task force for soliciting its input and said that ISP stands ready to assist them as requested.

Senator Bilyeu asked if, in ISP’s deliberations, did they consider additional fees on alcoholic beverages; **Lt. Colonel Johnson** answered “yes” and offered to get that information for the task force. **Senator Bilyeu** asked why this suggestion was not added to their above list of possible alternative funding sources, and **Lt. Colonel Johnson** said that ISP has those numbers and will get them to the task force, adding that ISP had concentrated on a use-type tax fee for roads and highways.

Representative Wills inquired about the original amount of \$18 million from the highway distribution account, yet ISP finds every year they must reach into the pot yearly for \$1.5 million to \$2 million to purchase vehicles and other necessary expenses, coming from the general fund. He asked if a dedicated funding source were found, should that approximately \$2 million be included in that total and if that would allow ISP to purchase vehicles for several years to come. **Lt. Colonel Johnson** affirmed that to be true, saying that less money would be needed from the general fund if about \$20 million could come from a dedicated alternative funding source.

Senator Cameron said he’d heard from some who believe that ISP needs to cut back to absorb the reduction, asking what that would do to ISP if asked to do just that. **Lt. Colonel Johnson** said that on the patrol side, ISP would have to cut about 123 troopers, 27 communications officers, 3 communications coordinators, 12 ISP specialists, 22 sergeants, 7 lieutenants, 8.5 captains, 1 major and .8 office specialists, totaling 204.3 layoffs, leaving a much smaller number of people patrolling county roads and federal and state highways, adding that it would not affect investigations.

Representative Ringo asked about the funding proposal on items such as tires and vehicle batteries possibly generating up to \$13 million and what the rate of the surcharge would be. **Lt. Colonel Johnson** referred to more detailed data in ISP’s alternative funding recommendations in the binders given to the task force and available in the Legislative Services Office, adding that the proposed rate of surcharge was one-half of one percent.

Senator Cameron encouraged the task force members to review the information in their binders,

pointing out comparisons of how other states fund ISP with dedicated funds versus general funds.

Senator Lodge asked how many ISP troopers were on the roads at any given time. **Lt. Colonel Johnson** said that during a 24 hour period, about 35 and that ISP shifts begin at 6:00 a.m.

Senator Bilyeu asked about comparisons between Idaho and other states and **Lt. Colonel Johnson** said that ISP has comparisons that he will get for the task force. **Senator Cameron** pointed out data in the binder that showed the number of troopers to population in Idaho from 1951 to 2007, but said that updated numbers and comparisons to other states would be appreciated.

Mr. Ray Houston, Budget & Policy Analyst, Legislative Services Office, spoke next, giving an Overview of IDPR Funding, 2003 Study . His PowerPoint presentation included:

- Ten Year Comparison
- Ten-Year Funding History
- General Fund Sources & Uses
- Economic Recovery Reserve Fund Sources & Uses
- Federal Grant Fund Sources & Uses
- Indirect Cost Recovery Fund Sources
- IDPR Fund Sources & Uses
- IDPR Registration Fund Sources & Uses
- Misc. Revenue Fund Sources & Uses
- Public Recreation Enterprise Fund Sources & Uses
- Petroleum Price Violation Sources & Uses
- IDPR Expendable Trust Fund Sources & Uses
- Recreational Fuels Fund Sources & Uses
- Historical Highlights of Gas Tax Use for Recreational Purposes
- Summary IDPR Funding Overview (FY 2010 Appropriation)

Mr. Houston also shared charts for :

- Historical Highlights of Gas Tax Use for Recreational Purposes
- Off-Road Gas Tax & Transfer Fee Distribution; Current Law until June 30, 2010 & Tax Commission Distribution
- Department of IDPR 10 Year Actual Expenditures
- Department of IDPR FY 2010 Original Appropriation

Mr. Houston pointed out the Final Research Report for Idaho Recreational Vehicle Use in 2003: Snowmobiles, ATVs, and Motorized Watercraft for IDPR & ITD in the task force binders.

Senator Cameron asked about the dramatic increase in dedicated funds in 2006, asking what the primary reason was for that dramatic increase, that \$10 million shift. **Mr. Houston** responded that the three biggest reasons were:

1. Parks & Recreation Fund from park entry fees;

2. Recreational Fuels showed a large increase in expenditures that year;
3. Parks & Recreation registration fees increase of almost \$2 million.

Senator Cameron inquired about **Mr. Crimmins** comments that prior to this current system there were refunds, asking if that could be explained. **Mr. Houston** said that in 1972 when HB 565 was passed, that added 1% of the gas tax distribution to the off-road vehicle account. At that time, the gas tax refund on non-highway use was eliminated, so it was coupled with that. He understood that forms did have to be filled out stating that so much gas was used in a motorcycle off-road to get a refund from the Tax Commission. **Senator Cameron** asked for more information on this, asking why they were entitled to a refund, and the reason behind that. **Mr. Houston** responded that the refund program was in Code at that time. He said that in 1963 the Waterways Improvement Fund was similar.

Representative Labrador said he had heard from constituents that if the state went back to the refund system, it cost about \$100 per refund just to process a refund, asking for information about that. **Mr. Houston** said he did contact the Tax Commission, and that they did not know how efficient that refund system was, but that committee minutes reflect that the 1972 Legislature decided at that time that it was in the best interest to do away with refunds with HB 565. **Representative Labrador** requested more information about that.

Senator Cameron requested information from the IDPR since almost every state he knows is in dire financial straights, have reduced funding for parks and, since Idaho has not had to do that, he asked for more information on how Idaho treats this department in comparison to other states. **Mr. Houston** said that the department belongs to a national organization and they share information; he said that other state parks use gas taxes to support their system; they do have access to that information and he offered to get that for this task force.

Mr. David Ricks, Acting Director, Idaho IDPR, addressed “How Gas Taxes are used by IDPR.” He talked about the history of IDPR’s portion of the state fuel tax and how funds are used. He said that the impact of loss if these fuel tax funds were not replaced is as follows:

- Most of the fuels tax money administered by IDPR goes out the door to local government entities, mostly counties, that manage recreation – over \$32 million over the last 20 years;
- All of the groomers (40) currently used in support of county snowmobile programs are purchased with fuel tax funds;
- IDPR’s 30 parks have benefitted from fuel tax funds to mostly “fix what we have.” Many years these were the only funds IDPR had;
- While difficult to quantify the fiscal impact, tourism is Idaho’s third largest industry bringing \$3 billion into the state’s rural economies annually.
- A University of Idaho study showed personal income and sales associated with snowmobiling alone amounted to \$10 million annually and 119 jobs in Valley County alone;
- Programs like Bear Lake and Priest Lake with similar registration numbers may have similar impacts;
- For areas like Island Park that have five times the number of registered snowmobiles as

Valley County, the impact would be much greater still.

Mr. Ricks shared information on IDPR gas tax funded recreational grants which was included in the task force binders.

Representative Ringo said she believes that snowmobiles and trails are important, but she and others also enjoy being in the outdoors where they cannot smell or hear motorized recreational vehicles; she added that Washington uses some of their gas tax dollars for non-motorized trails and improvements and was curious about funding for this purpose. She also inquired about consumer satisfaction surveys, wondering if there were any surveys done for non-motorized.

Mr. Ricks responded that IDPR does have a small amount of money for non-motorized and that they could go after some grants. IDPR has access to funding mostly for motorized programs and the trails and facilities can be used by anyone but are built with funds from the motorized programs. **Mr. Ricks** said there is a lack of funding for non-motorized programs, and IDPR has been looking into this, but funding has not been procured from non-motorized activities. He added that surveys are done in campgrounds and was not aware of any surveys out on trails.

Senator Cameron asked about the capital improvement fund and if IDPR works through or with the permanent building fund on capital improvements and how that relationship works. **Mr. Ricks** said that IDPR operates just like the Division of Public Works and IDPR receives some funding, but very little, since IDPR has their own funding sources. How IDPR does their capital inventory needs is similar to how Public Works comes up with their capital inventory needs, as well as managing projects and statement of qualifications when seeking design and development people. **Mr. Ricks** said that Public Works is tasked with IDPR's administrative buildings. IDPR does the campgrounds, sewer, water, wells, and all other capital projects including the bridge at Eagle Island. IDPR does the engineering and architectural, lets the bids, and manages all aspects of those projects. **Senator Cameron** asked what kind of staff was dedicated toward that and **Mr. Ricks** said that eight staff were in the development program including landscape architects, engineers, and field representatives. **Senator Cameron** asked about roads, parking lots and bridges and if IDPR contracts out those projects. **Mr. Ricks** said that \$300,000 doesn't go very far on these projects, adding that IDPR comes up with needs and tries to piggy-back when paving projects are done through a county highway district through service contracts, if one is available, or IDPR bids, and they hope to do this with other projects to get the best price possible. He explained that IDPR puts forth a design, what needs to be fixed or done, and a private contractor would do any work with IDPR overseeing project management. **Senator Cameron** asked about funds that are received by IDPR and how many employees would those funds be tied to. **Mr. Ricks** answered that 10 IDPR staff would be tied to gas tax funds. **Senator Cameron** said that testimony had pointed out potential loss of federal funds, asking for clarification on how IDPR leverages federal funds. **Mr. Ricks** answered that he would not characterize these funds so much as federal funds; he said they have two federal programs, land and water conservation funds, but there is not a lot to that program at this point in time. He said there is a federal recreational trails program that requires a 25% match, but most matches being mentioned were when a county has a waterways project, they will come up with a match taking into consideration by the advisory committee that is ranking their projects. He said the higher that match, the better score, in theory, they will get when that project is ranked. **Mr. Ricks** said that in the \$32 million mentioned in the binder handout, \$18 million worth was local match that generated that total \$32

million. **Senator Cameron** asked if that match would go away due to lack of IDPR funding and **Mr. Ricks** said that he believed that the size of projects would have to shrink or be done over a longer time frame.

Senator Cameron said that ISP had come to this meeting with some ideas for raising additional funds, even though perhaps premature, but asked IDPR to consider ideas for alternative funding sources and **Mr. Ricks** said IDPR would be happy to do that.

Representative Maxine Bell joined the task force by telephone conference call at this point in the meeting.

Representative Labrador expressed his concern with limiting options and when options are limited, there may not be a good result. He hopes that this task force can look at other things, reading the mandate, whether a general fund shift or some proposals like a sales tax shift, believing that other options should be on the table, understanding that ideas for alternative funding would have to pass the House. Right now, it seemed to him, that the only solution is a tax increase, and he suspects that would not pass the House. **Senator Cameron** asked what he would like to see the task force cover, since it must also pass the Senate, and **Senator Cameron** asked if **Representative Labrador** wanted to see further exploration of a dedicated portion on sales tax, thus inviting the Tax Commission to a future meeting, and that was affirmed.

Representative Labrador suggested more data on sales tax from recreational vehicles or sales of new and used cars or dedicating a certain amount of the general fund toward transportation and, if that were done, might “unring the bell” adding that he does not read the mandate as ruling that out. **Senator Cameron** asked if **Representative Labrador** thought that was something the task force should consider, and the response was “absolutely.”

Representative Ringo stated that she would prefer a broad range of ideas for consideration but she is personally loathe to do anything that would cut into the general fund.

Representative Bell asked if there was an option of doing nothing and **Senator Cameron** replied that at the beginning of the meeting the directive was addressed, with hitting the general fund as a last resort, and that he would, personally, consider that doing nothing would mean that the task force had failed, pointing out that **Representative Labrador** may disagree on what the charge of the task force is. **Senator Cameron** said he was not objecting to “unringing the bell” but he doesn’t think that is doable nor the charge of this task force.

Senator Bilyeu asked for information from the Tax Commission and the direction the Tax Force needs to go at the next meeting, believing that perhaps more data needs to be gathered from transportation from a funding standpoint since many bids are coming in under what was proposed, so perhaps ITD does not need that entire \$21 million.

Senator Lodge said that she needs to know more about what is charged with regard to fees for parking a mobile home and how long they can be parked. She also requested information on DUI arrests and amounts for fines, which is a concern to some of her constituents, believing that fines are not high enough. She also inquired about people bringing recreational vehicles into the

state and extra charges for non-residents. She also wondered about non-motorized vehicles such as bikes, kayaks, and use of parking areas. **Senator Cameron** said that IDPR could come to a future meeting with their current fee structure for a discussion about that.

Senator Cameron invited comments and ideas from members and attendees for future ideas. He personally believes that perhaps user fees may be the approach to take for both IDPR and ISP to some degree, which may be uncomfortable for some, but may be the only direction available.

Senator Bilyeu inquired about how many future meetings may be necessary for this task force and **Senator Cameron** said probably two or three more, depending on how in-depth they want to go and how much public testimony there might be. **Senator Cameron** said he hopes to get all ideas on the table, to hone down these ideas through understanding, and to then take public testimony on those ideas, weeding out what is acceptable or not.

Senator Cameron conferred with the task force members and the next meeting was set for August 11, 2009. The meeting was adjourned at 2:52 p.m.